

U.S. ENVIRONMENTAL PROTECTION AGENCY,
REGION 10
CLEAN WATER STATE REVOLVING FUND PROGRAM

PROGRAM EVALUATION REPORT

IDAHO WATER POLLUTION CONTROL REVOLVING FUND
SFY 2004



Clean Water
State Revolving Fund



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 10
1200 Sixth Avenue
Seattle, WA 98101

Reply to
Attn Of: OWW-137

OCT 3 2005

Barry Burnell, Administrator
Water Quality Division
Department of Environmental Quality
1410 North Hilton Street
Boise, Idaho 83706

RE: Idaho Water Pollution Control Revolving Fund
Program Evaluation Report for SFY 2004

Dear Mr. Burnell:

In cooperation with the Clean Water State Revolving Fund staff from the Department of Environmental Quality (IDEQ), the U.S. Environmental Protection Agency (EPA) has completed a periodic review of IDEQ's continuing administration of the Idaho Water Pollution Control Revolving Fund (Fund). I have enclosed the results of this review in the EPA's Program Evaluation Report (PER) for state fiscal year 2004.

Idaho's Water Pollution Control Revolving Fund continues to be a well managed program. Its management has created an environment in which the EPA and the IDEQ can work as partners to improve Idaho's Water Pollution Control Revolving Fund.

A good illustration of this can be seen in the significant progress that the IDEQ has made in addressing the principal findings of the PER for SFY 2003 and SFY 2004 in spite of the short time span that has elapsed since its publication. This accomplishment is well documented in this PER. Similarly, we can see that the IDEQ is already acting on some of the key recommendations in this new PER.

Our Clean Water State Revolving Fund program staff will continue to work with the IDEQ's staff and management as IDEQ addresses the findings in the enclosed report.

Please feel free to call me at (206) 553-7151 or you may contact Dan Steinborn at (206) 553-2728 of my staff if you have any questions.

Sincerely,

Michael F. Gearhead, Director
Office of Water and Watersheds

Enclosure

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EXECUTIVE SUMMARY

This report presents the EPA's evaluation of the performance of the Idaho Department of Environmental Quality's administration of the Idaho Water Pollution Control Revolving Fund [also known as the Idaho Clean Water State Revolving Fund (CWSRF) or Idaho Wastewater Loan Fund] during State Fiscal Year 2004 (the year ending June 30, 2004). Our review was conducted pursuant to the Annual Review Guidance for the State Revolving Fund Programs (Interim Final) published by the EPA's Office of Water in March 2004.

In accordance with that guidance this report is organized into the following components:

- This Executive Summary
- A narrative that summarizes program highlights and discusses follow-up actions that the Idaho Department of Environmental Quality has implemented since the EPA's most recently completed Program Evaluation Report (PER) on the Idaho Water Pollution Control Revolving Fund.
- An annotated program review checklist for both programmatic and financial elements of revolving fund administration (attached)
- Explanatory notes for those items in the review checklist that merit additional discussion (following the program highlights)
- Project file review checklists for individual loans examined as part of this review

This report reflects the EPA's examination of the following types of records:

- The Operating Agreement between the EPA and the IDEQ governing the administration of Idaho's Water Pollution Control Revolving Fund.
- The grant agreements associated with each of the open EPA capitalization grants to the IDEQ.
- The Intended Use Plan for SFY 2004 for Idaho's Water Pollution Control Revolving Fund.
- Records of Fund financial transactions maintained by the EPA and the IDEQ.

- The independent financial audit for SFY 2004 of the Fund completed by Idaho's Legislative Services Office.
- The Annual Report from the IDEQ to the EPA on the Fund for SFY 2004.
- Project loan files maintained by the IDEQ

Additionally, the EPA conducted a Program Evaluation Visit at the IDEQ's central office on August 9-10, 2005. The results of the discussions held on those two days with IDEQ's staff and management are incorporated into this report.

The Idaho Department of Environmental Quality (IDEQ or the "Department") continues to operate an effective water pollution control revolving fund. The Department has competent and dedicated staff in both its central and regional offices. It uses an integrated planning and priority setting system to allocate fund resources in a manner that maximizes the potential water quality benefits of the projects receiving financial assistance from the Fund.

The staff continues to have record setting success in committing available funds to water quality projects. This has the highly desirable result of increasing the rate at which the Fund revolves and magnifying the contribution that the Fund can make to addressing the State's enormous backlog of unaddressed water infrastructure needs.¹

Our review found three matters requiring prompt attention from the Department:

1. The increasing size and complexity of the Fund's existing loan portfolio have reached a point that merits the assignment of additional staff to the management of the Fund. The EPA notes that the State of Idaho's personnel system provides for the position of "Loan Officer." We believe that IDEQ should create such a position (which could be shared between Idaho's Clean Water and Drinking Water Revolving Funds until

¹ The EPA's Clean Water Needs Survey for 2000 (Published August 2003), prepared in cooperation with the states, estimates Idaho's needs to include slightly over \$200 million in wastewater treatment needs plus an additional \$287 million in needs to restrict sanitary sewer overflows to one wet weather overflow event per year. This needs survey did not document needs to address nonpoint source water quality problems, which are substantial. The results of the Clean Water Needs Survey for 2004 are not yet available.

the workload justified having a separate Loan Officer for each bank). The Loan Officer would be responsible for completing creditworthiness evaluations on each loan application, negotiating loan terms, verifying borrowers' compliance with loan security provisions and monitoring the continuing financial health of borrowers with loans in repayment. The creation of such a position would allow the Loan Program Manager to devote time to marketing the Fund to the nonpoint source market (an essentially unaddressed market for the Fund) and to other significant duties that demand his attention.

2. The Department continues to spend funds available for the administration of its Water Pollution Control Revolving Fund at a rate faster than such funds are being made available from new EPA capitalization grants. IDEQ's and EPA's estimates indicate that available funds could be exhausted in late SFY 2006 or early SFY 2007. The Department's current legal authority to assess loan fees, (in Idaho Code, Title 39, Chapter 36 at §39-3626(2) does not comply with the Clean Water Act's restrictions on fund interest earnings at 33 U.S.C. §1383(d)((1)(D) or its restrictions on authorized types of assistance at 33 U.S.C. §1383(d)(7). The Department must either obtain revised legal authority to assess loan fees or complete a rulemaking procedure to establish loan fees under its existing generic legal authority to assess fees for its programs.
3. The most recent Idaho Legislative Services Office audit of DEQ's Clean Water State Revolving Fund included a finding that the Department's system used for Fund accounting is cumbersome and contributes to accounting errors. The EPA concurs in the finding and is particularly concerned that critical records could be irretrievably lost in the event of a fire. The EPA recommends that the IDEQ develop a computer-based loan tracking system to track all loans and all loan related transactions. The EPA will work with IDEQ to investigate any existing computer-based loan tracking systems being used by other states, such as Nevada, that could be adapted to meet Idaho's needs.

PROGRAM HIGHLIGHTS

The Idaho Water Pollution Control Revolving Fund (the Fund) received its first capitalization grant from the Environmental Protection Agency (EPA) in August 1989. Since then it has received additional EPA capitalization and state matching capital contributions every year. Total capitalization through the end of State Fiscal Year 2004 (June 30, 2004) consisted of \$102,526,215 in EPA grants and \$20,505,242 in state matching capital contributions. The combined capital contributions equal slightly over \$123,000,000. The program has always been operated as a direct loan program (It has never leveraged by issuing bonds to increase the annual dollar volume of assistance that it could provide to eligible projects).

Until the development of the SFY 2003 Intended Use Plan (IUP), in SFY 2002, Idaho's program only offered financial assistance to publicly owned treatment works projects. In SFY 2002, IDEQ obtained the authority necessary under state law to allow it to offer assistance to nonpoint source water quality projects. Its SFY 2003 IUP's "fundable range" included the first nonpoint source loan through the Idaho Soil Conservation Commission. That loan was executed during SFY 2003 and the project is under way. Neither the SFY 2004 IUP nor the SFY 2005 IUP included any nonpoint source water quality projects. The SFY 2006 project priority list included one nonpoint source project that was outside the fundable range.

As of the end of SFY 2004, the Fund had executed approximately \$217.9 million in loans. In SFY 2004 it continued its practice of committing anticipated revenues to new loans before the revenues were actually deposited into the Fund. This allowed it to have another record year, executing over \$46 million and committing roughly 105% of theoretically available funds. Idaho was able to do this in part because it operates one of many state water pollution control revolving funds that has never had to restructure a loan and never experienced a default by a borrower.

Idaho's loans typically have a maturity of 20 years. The IDEQ reviews the interest rate it charges each year as it is developing its Intended Use Plan and sets its rate to be below the Bond Buyers' Index for 20 year general obligation tax exempt debt. During SFY 2004 the interest rate on all newly executed loans was 3.5%. The current rate for loans originated in SFY 2006 is 3.25%.

During SFY 2004, the IDEQ and the EPA completed a major update of the Operating Agreement between IDEQ and EPA that governs the administration of Idaho's CWSRF. The new Operating Agreement became effective on March 1,

2004 after it was signed by the agencies' respective responsible officials. The agreement incorporates applicable state law and IDEQ regulations as they have evolved over the 15 years since the program was initially established. It also includes an updated and revised State Environmental Review Process (SERP).

As part of revising the SERP, in the Operating Agreement, the EPA designated the IDEQ as its non-federal representative for informal consultation under the Endangered Species Act for projects receiving financial assistance from Idaho's CWSRF. Earlier in the year the U.S. Fish and Wildlife Service had been requesting that the EPA designate the IDEQ on a project by project basis. This revision of the SERP allowed the EPA to complete a "blanket" designation. Once the Agreement was signed the EPA informed both the U.S. Fish and Wildlife Service and the National Marine Fisheries Service of the designation. This has allowed IDEQ to complete this element of its environmental reviews in a more timely manner.

FOLLOW-UP FROM THE EPA'S LAST PROGRAM EVALUATION

The EPA completed its most recent Program Evaluation Report on Idaho's CWSRF in the spring of 2005 for SFY 2002-2003. This PER identified three subjects where additional action by the IDEQ would be appropriate. Those concerns and the status of IDEQ's response to them are discussed below.

MBE/WBE PROGRESS REPORTING

In each capitalization grant agreement, the EPA and the state agree to goals for using minority owned business enterprises and women owned business enterprises in projects receiving financial assistance from the state's revolving fund. The assistance recipients are required to report quarterly to the IDEQ on their MBE/WBE contracting and subcontracting to document the amount of success that they are achieving. As the EPA reviewed the quarterly progress data for SFY 2002 and SFY 2003, we found that contractors were reporting no success in actual subcontracting (0%) in both categories. In the PER we asked the IDEQ to verify these numbers, under the belief that this might be a reporting error.

Since receiving the PER, IDEQ has indeed verified the reported figures and confirms that there have been no recent successes in the efforts to make use of MBE and WBE enterprises. IDEQ noted that Idaho has a very small universe of certified MBE and WBE contractors to draw upon and that an even smaller universe offers goods or services that would be needed in the construction of a treatment works project. The EPA in its reviews of project loan files confirmed that the MBE/WBE guidance (direction to implement the six affirmative steps) are being communicated to borrowers and that borrowers are, in turn, communicating them to potential bidders on their projects. Although we have not reviewed actual "bidding documents" recently, our experience in the past has been that prime contractors were implementing the six affirmative steps in developing their bids. Under these circumstances, we are not able to identify any additional action that might improve success rates.

ADMINISTRATIVE COSTS AND LOAN FEES

The PER also articulated the EPA's concerns regarding the rapid use of the funds available to pay the costs of administering Idaho's CWSRF. It acknowledged that Idaho had obtained legal authority in SFY 2004 for loan fees and encouraged IDEQ to work on developing the protocols and, if necessary, regulations needed to actually assess and collect these loan fees.

During SFY 2005 the EPA reviewed the new legal authority for loan fees and found that it did not comply with restrictions imposed in the Clean Water Act on the allowable uses of the Fund and the requirement in the Act that all interest be deposited into the Fund (none can be redirected as the Idaho law tried to authorize). We discussed this issue during our Program Evaluation Visit with IDEQ's management and staff, including IDEQ's Assistant Attorney General.

As noted in the Executive Summary, the IDEQ needs to request a revision in its legal authority so that it can adopt loan fees for the CWSRF. Alternatively, the Assistant Attorney General stated that IDEQ has generic legal authority to adopt fees, by regulation, to pay for the costs of administering its public health and water quality programs. To use this alternative it would need to develop proposed fee regulations and submit the proposal to the legislature for approval. This rulemaking process could take until the end of the 2007 legislative session to complete.

As interim measures to insure that the program does not exhaust the supply of available administrative funds the Department could take two actions. First, it could amend its existing Intended Use Plan for SFY 2006 and use the amended IUP as a basis for applying for the capitalization grant that will be available from the EPA's FFY 2006 appropriation. This would provide additional administrative funds. Second, it could request authority from the 2006 legislature to use funds from the Water Quality Account to pay for a portion of the costs of administering the CWSRF. Funds should be available, given that the state matching capital contribution to the Fund, which is also drawn from this account, is shrinking along with the EPA capitalization grants.

CREDITWORTHINESS EVALUATIONS

The PER also noted that the IDEQ did not, at that time, complete any creditworthiness evaluations for pending loan applications. It thus was not in a position in which it could demonstrate that a loan applicant would have an adequate dedicated source of revenue to repay the requested loan. The PER offered guidance on the essential elements of an appropriate creditworthiness protocol and stated that the Department must develop and implement an appropriate protocol.

During the Program Evaluation Visit, IDEQ showed the EPA an example of the financial review it is now doing on each CWSRF loan application. The example, for a loan to the Fish Haven Recreation Sewer District, reviewed the applicant's audited financial statements and calculated the net revenue of the District. It also documented that current rates are affordable (well below Idaho's hardship criterion of 2% of median household income). The review also calculated Fish

Haven's current ratio (the number of times assets will payoff liabilities) and documented that this ratio is commendably high. Since the District has no current debt, it did not calculate a debt to worth ratio. Finally, the review summarized steps that the District is already taking to generate the funds necessary to amortize the requested loan.

Based on this example, there are two additional steps that would be necessary to make a complete protocol:

1. Develop an amortization schedule for the requested loan and compare the annual debt service to the applicant's current net revenues.
2. If current net revenues are not sufficient to pay the anticipated annual debt service, estimate the required rate increase and compare the resulting rates to median household income in order to assess their affordability.

CURRENT PROGRAM EVALUATION TOPICS

REQUIRED PROGRAM ELEMENTS

ANNUAL REPORT

The IDEQ's annual report for the Idaho CWSRF was published on May 6, 2005. This delay was due to an IDEQ decision to delay publication until Idaho's Legislative Services Office (LSO) completed its annual independent audit of the Idaho CWSRF. The audit report became available in April 2005 and served as the source of the financial statements included in IDEQ's annual report. During our program evaluation visit, we recommended to IDEQ that for SFY 2005 and future years it should complete its annual report by the deadline and include unaudited financial statements in that annual report. The EPA will review the LSO audit report when it becomes available each year.

The annual report, including the audit, provided a good picture of the current financial health of the fund. The report itself did not include any evaluation of the Fund's ability to offer financial assistance to water quality projects in perpetuity. This particular question, is becoming more important as the state water pollution control revolving funds mature, EPA's annual capital contributions decline and the states and EPA get a much better picture of the large volume of unmet water infrastructure needs. Similarly, the Management Discussion and Analysis in the independent audit (a GASB 34 element of the audit) focused on the current condition of the Fund and not its long term ability to finance the state's water infrastructure needs.

The report did not provide a current assessment of the Department's ability to continue paying the costs of administering the program. This would be an important addition to future annual reports, given the decline in funds available to cover these costs. This additional discussion could also address the status of any "corrective" action, such as the development of a loan fees program.

EQUIVALENCY REQUIREMENTS

§602(b)(6) of the Clean Water Act "attaches" 16 specific statutory requirements from Title II of the Act to publicly owned treatment works projects constructed in whole or in part before Federal Fiscal Year 1995 with funds directly made available from the EPA capitalization grants. There are two basic elements to establishing compliance with this requirement at this late date. First, the state

needs to submit a discussion that identifies the specific projects that were required to meet these terms as well as the amount and binding commitment date of the loans involved. Second, the EPA needs to conduct file reviews on a sample of those project loans to verify that these projects did, indeed, comply with the 16 specific requirements.

The IDEQ provided the EPA with a document that identifies all CWSRF financed publicly owned treatment works projects that had construction start by September 30, 1994 (the end of FFY 1994). This list showed loan amounts, loan disbursements and binding commitment dates. It also identified those projects that did not comply with the Davis-Bacon Act. This list established that the program needed to have \$25.9 million worth of projects comply with all of the 16 requirements as well as comply with the Davis-Bacon Act. It also demonstrated that approximately 26.04 million had been disbursed to projects that met all requirements including the Davis-Bacon Act as of June 30, 2001.

Over the last several years, as a part of our annual review process, the EPA has reviewed files for several publicly owned treatment works projects financed in whole or in part by loans from the Idaho CWSRF. Those file reviews demonstrated that the IDEQ:

1. Has always clearly communicated, including the inclusion of appropriate loan terms, the obligation of the project owner (borrower) to comply with the 16 Title II requirements.
2. Has always had a comprehensive system in place to verify and document that the borrower, indeed, met those requirements.
3. That the projects typically met these requirements (as demonstrated in facilities plans and environmental information documents in the project loan files).

Given this record, the EPA has concluded that the IDEQ program has fully complied with the mandate of §602(b)(6). Consequently, future Intended Use Plans do not need to address this element of the statute and the IDEQ may, at its discretion, modify the corresponding state program requirements and loan terms as it deems appropriate.

STAFF CAPACITY

The loan portfolio of the Idaho CWSRF is becoming increasingly large and complex. We have every reason to expect that the size and complexity of the

portfolio will continue to grow as the program grows as continued capitalization of the bank and overall portfolio yields increase the value of the Fund's net assets. This increasing complexity and size (in terms of number of active loans) increases the amount of work associated with managing the loan portfolio in a manner that meets IDEQ's fiduciary obligations.

We can identify three new "assignments" that will involve significant additional work for an IDEQ staff that is already, arguably, overloaded:

- Completing creditworthiness evaluations on each loan application
- Development and administration of a program of loan fees
- Development and implementation of a computer-based loan tracking system

Given this set of circumstances, we recommend that the IDEQ create a new position in its Clean Water State Revolving Fund (that might be shared with its Drinking Water State Revolving Fund). That position would be a person who would serve as the Loan Officer for the Fund(s). The Loan Officer would be responsible for the following duties (at a minimum):

- Creditworthiness evaluations of all loan applications
- Negotiating all loans with applicants (including any security provisions)
- Briefing the IDEQ Director on each proposed loan requiring the Director's signature
- Monitoring borrowers' compliance with the security provisions of their loans once the loans are in "repayment" and monitoring the financial condition of borrowers so that IDEQ is able to "encourage" corrective action if it sees a borrower's financial condition deteriorating.

If a Loan Officer position is created and staffed, that will allow the Loan Program Manager to pay proper attention to duties that are currently receiving little or no time:

- Long term planning for the Fund and long term infrastructure finance planning for the state. It is clear that the state has substantial unmet water infrastructure needs. It is in the state's interest for IDEQ to give careful thought in cooperation with other water infrastructure

financiers to determine how to best meet those needs (divide up the market or coordinate financing) over the long term.

- Marketing the Idaho CWSRF to the nonpoint source "community" and developing new financing arrangements for nonpoint source water quality projects. Although the majority of Idaho's water quality limited watersheds are so limited due to nonpoint source pollution, the Fund still has only one nonpoint source project on its project priority list in SFY 2006. When this fact is combined with the observation that nonpoint source water quality projects are often significantly less capital intensive than publicly owned treatment works projects, one is compelled to conclude that Idaho (like many other states) has a long ways to go before it is truly maximizing the water quality "effectiveness" of its loan portfolio.
- Managing the workload—for example, we believe that it would be worthwhile for the Loan Program Manager to evaluate the workload of the IDEQ Regional Office project engineers. The size and complexity of the portfolio may well have reached the point that the Project Engineers in one or more regional offices may no longer be able to give sufficient attention to the oversight of individual loan projects. The only practical way to determine whether or the degree to which that is true is to examine their workload (and look at the project files) to see how well they are doing and what important work is not getting done (if anything).

REQUIRED FINANCIAL ELEMENTS

STATE MATCHING CAPITAL CONTRIBUTION

A perpetual appropriation from the Idaho State Water Pollution Control Account provides the necessary funds for the required state match; 20% of Federal Clean Water State Revolving Fund program grants. We verified that the annual state match and cumulative state match totals were sufficient by examining the audited financial statements and cross-referencing the Clean Water National Information Management System (CWNIMS). The reported annual state match contributions for state fiscal year 2004 differed between the financial statements and CWNIMS. This difference was due to the reporting in the financial statements of actual state match drawn from the banked state match account at the State Treasury during SFY 2004 versus the 20% state match appropriated for the federal capitalization grant. The actual amount drawn was slightly greater than the 20 % appropriated for the current year's capitalization. The cumulative state match total was the same in both data sources and was equal to the required 20% of the cumulative total of federal capitalization grants.

BINDING COMMITMENTS

The Idaho CWSRF continues to meet or exceed the requirement of binding commitments equal or greater to federal capitalization grant plus state match amounts. Cumulatively, through the end of SFY 2004, the program has made binding commitments equal to 180% of the cumulative federal capitalization grants plus state match amount.

In another measure of program performance, the Idaho CWSRF significantly increased the ratio of binding commitments / loan agreements to funds available in SFY 2004 as compared to SFY 2003. In SFY 2003 this ratio was approximately 89% of the funds available committed to loans. At the end of SFY 2004, binding commitments were 105% of funds available. As noted elsewhere in this report, IDEQ was able to achieve this rapid rate of loan origination by recognizing anticipated revenue (loan principle and interest payments) before they are deposited in the Fund and accounting for the fact that disbursement obligations for new loan commitments typically stretch out over two to three years.

These are very positive results and provide clear evidence of the success of the Idaho CWSRF staff efforts to improve program performance. This performance also demonstrates clearly that the Idaho program is achieving the goal of the EPA's policy on "Timely and Expeditious Use" of the Fund and the intent of the Clean Water Act's requirement at §602(b)(4) that funds be expended in an "expeditious and timely manner." Please refer to the following chart for a comparison of recent

fiscal year performance according to financial indicators by which state CWSRF programs are evaluated.

Idaho Clean Water State Revolving Fund				
Financial Indicators for SFY2002, SFY 2003 and SFY 2004				
Description	Idaho SFY2002	Idaho SFY 2003	Idaho SFY 2004	National Average for FY2004
# 1- Return on Federal Investment - Shows the amount invested in water quality beneficial projects for each federal dollar invested	125.19%	130.04%	138.37%	142.00%
# 2-Percentage of Closed (executed) Loans to Funds Available For Loans - Shows the amount of signed loan agreements compared to the amount of funds available for loans	78.13%	88.65%	105.05%	91.00%
# 3-Percentage of Funds Disbursed to Closed Loans - Shows the amount of funds actually disbursed compared to the amount of signed loan agreements	85.96%	72.45%	64.93%	79.00%
# 4-Benefits of Leveraging - (generating additional SRF funds by issuing bonds)	N/A	N/A	N/A	N/A
# 5-Perpetuity of Fund - Demonstrates whether the program is maintaining its contributed capital. A positive result indicates the Program is maintaining its capital base	\$16,547,055	\$21,410,163	\$24,898,286	N/A
# 6-Estimated Subsidy - An estimate of the CWSRF interest rate subsidy, stated as a percentage of the market rate.	27.0%	24.7%	17.9%	52.7%

CASH DRAWS AND DISBURSEMENTS

As part of the financial elements review, we reviewed documentation for several of the disbursement requests submitted by loan recipients during the 2004 state fiscal year. We also reviewed documentation of the related cash draw requests for Federal draw-downs of capitalization grant accounts and transfers from the State Treasury for state match deposits into the Fund. In total, five loan disbursements were examined, representing \$3.4 million in CWSRF disbursements. Additionally, a cash draw request for administration expenses of \$4,131 was examined.

Disbursement requests were well documented in the loan files that we reviewed. All of the loan disbursement requests had invoice copies and a form documenting

review and approval by the project engineer for eligibility of costs. The disbursements were processed in a timely manner with electronic deposits made into recipient accounts typically within two to three days following the disbursement request.

We also examined the copies of faxed correspondence and e-mail that the SRF program staff generates to request draws of Federal capitalization grant and state match. Further confirmation of appropriate funds transfers and journal entries were found in reports that we reviewed from the state accounting system.

As noted in the Executive Summary, we concur with the recent audit finding that the accounting system for loan tracking in the SRF program office is inadequate. Specifically, the accounting software program currently used for loan tracking does not interface electronically with the state accounting system. Consequently, loan disbursements and cash draw proportionality must be manually written and delivered from the SRF Senior Financial Specialist to the Fiscal Department financial staff responsible for requesting funds transfers. This paper process inherently poses a significant risk that financial records could be irretrievably destroyed (by, for example, a fire) and also complicates the reporting and verification of SRF cash draw transactions. Additionally, the current loan-tracking system is unable to generate annual reports sufficiently reliable to be used in the annual financial statements for the SRF program. Although we were able to accept the documents available that we examined for this SFY 2004 annual review, future disbursement and cash draw records must be part of an integrated loan tracking and financial reporting system with appropriate off-site back-up of the financial records.

ACCOUNTING PROCESSES AND INTERNAL CONTROLS

The Idaho DEQ Fiscal Department staff assigned to CWSRF program accounting does a good job of tracking and accounting for SRF financial transactions despite the limitations of the existing loan tracking system. During the course of our review and staff interviews, we were able to establish that specific accounting functions are handled by assigned staff and that appropriate separation of duties exist to support internal control principles. We were informed that Fiscal Department management is trying to get additional staff help, or plans to provide cross-training of existing fiscal department staff, so that the knowledge base for SRF accounting is not limited to the one or two people currently involved in SRF program accounting. In addition to these efforts for developing SRF-fiscal staff bench strength, we recommend that the Fiscal Department establish written procedures to document internal control policies and practices.

To our knowledge, no such written policies and procedures exist for SRF accounting processes.

LONG-TERM PLANNING / FINANCIAL MANAGEMENT

Discussions about long term planning and financial management of the Fund necessarily incorporate elements from other discussions about loan volume, loan portfolio management, fees, administrative costs, and investment returns. During our annual review visit we focused our long-term planning discussion on maintaining a desired annual loan volume and generating an adequate rate of return to cover operating costs, thus ensuring the perpetuity of the fund. Using the EPA Financial Planning Model, (FPM), we looked at a scenario based on current conditions and assumptions. The projected results show an average annual project (loan) commitment level at between \$17 to \$19 million / year over the next 20 years, under the assumption that EPA capitalization grants would continue at current levels through FFY 2011. We agreed to follow up by running additional FPM scenarios to analyze how the potential charging of fees and/ or adjustment in loan interest rates would affect the performance of the Fund.

Long term planning points out the importance of managing the fund's assets for the best possible investment return on cash not currently disbursed for loans. The need to address this particular challenge was identified in a finding in the LSO's SFY 2004 audit of the Fund. The Senior Financial Specialist for the Idaho SRF has initiated a new practice, beginning with SFY 2006, of running quarterly reports to analyze the cash needed to meet disbursement obligations to existing borrowers. The quarterly update allows Department management to insure that sufficient liquid cash will be available to meet all disbursement obligations for all open loans including those executed in the most recently completed quarter.

Based on this new quarterly report, the Director of the State Water Quality Division will approve the amount of cash that may be directed by the State Treasurer to longer term investments intended to generate a greater rate of return. Given the Fund's large cash balances relative to actual disbursement obligations, this practice should be fully consistent with the Fund continuing to meet its binding commitment obligations under the EPA's policy on timely and expeditious use of the fund, which establishes a goal of committing all fund earnings in the year following the year in which they are deposited into the Fund.

We believe that this active management of the Fund's cash resources is a positive step for the SRF program and are ready to offer any assistance we can to support the analysis of the results obtained. In subsequent annual reviews we

would like to include long term planning and investment results as a regular agenda topic.

PROJECT REVIEWS DISCUSSION

We reviewed the project files for two loans as a part of this annual program evaluation. Those projects are the Burley, Idaho Wastewater Treatment Plant Upgrade (Loan # 1899-08) and the Granite-Reeder Water and Sewer District Wastewater Collection and Treatment System (Loan # 1899-12). Each of these loans was executed in SFY 2004.

The Burley project is being financed from multiple sources including an \$18,000,000 loan from Idaho's Wastewater Loan Fund, a \$5,000,000 loan from the U.S. Department of Agriculture's Rural Utilities Service (RUS) and a \$3,000,000 special appropriation grant from the EPA. The Granite-Reeder project is also the recipient of an EPA special appropriation grant of \$2,226,000.

Each of the file reviews demonstrated that the IDEQ and its regional project engineers are conscientious and diligent in the management of loan and grant projects. In each project, the files document that the IDEQ and the project owners carefully implemented the requirements imposed on publicly owned treatment works projects receiving financial assistance from a state water pollution control revolving fund.

The Granite-Reeder project is, as of this writing (August 2005), on hold due to pending litigation. In 2004, the District was sued by some of its members (residents) over the property acquisition for the project. The plaintiff's prevailed and the Court denied a request from the defendants for a new trial. That decision is being appealed by the defendants. However, as part of denying the request for a retrial, the Court noted that the LID (Local Improvement District) could not assess property within the LID to repay the SRF loan if the property is not benefiting from the project. This effectively invalidated one of the loan's security provisions which requires that the loan be repaid in full if the borrower does not complete the project. If the appeal does not result in this finding being reversed, IDEQ will need to develop an alternative security provision for future loans to LIDs.

PROJECT FILE REVIEW TABLES

**BURLEY, IDAHO WASTEWATER TREATMENT PLANT UPGRADE FILE REVIEW
SUMMARY**

Item Description	What, Where & How Met
Project Name	Burley, Idaho Wastewater Treatment Plant Upgrade
Project Loan Number	1899-08
Date of Loan	February 12, 2004
Project Description	The Burley, Idaho Wastewater Treatment plant will be replaced with a new mechanical wastewater treatment plant that provides advanced wastewater treatment (nutrient removal) and can accommodate effluent reuse.
Amount of Loan	\$18,000,000. The project also received a \$3,000,000 special appropriation grant from the EPA and a \$5,000,000 loan from the USDA.
Need for Project	The existing wastewater treatment plant uses a lagoon system and has had repeated problems complying with the effluent limits in its NPDES permit. The new treatment plant will address these problems as well as provide sufficient treatment capacity for expected population and economic growth over the design life of the new facility.
Loan Terms (rate/amortization period)	3.5% interest rate, 20 year amortization
Type of assistance under §603(d)	Direct loan
Financial Capability Assessment/Repayment Source Evaluation	No analysis done by IDEQ. The city wastewater utility recently raised its rates substantially in order to have the revenue necessary to amortize the SRF loan as well as the USDA/RUS loan.
Loan Security Provisions	Revenue bond, state aid intercept, public vote to authorize incurring the debt.
Facility Plan available/Approved	Final plan responding to IDEQ comments published April 18, 2003. Approved by letter dated November 1, 2004 (Addenda #1 & #2)
Plans & Specs Approval	Approved by letter dated October 12, 2004
Bid Advertisement and Approval	Contract award authorized by letter dated November 17, 2004
MBE/WBE Compliance	See below
Initiation of	Required of borrower, not yet completed because project is

Item Description	What, Where & How Met
Operations/Performance Certification [§204(d)(2)] [equivalency]	under construction.
BPWTT [Best Practical Wastewater Treatment Technology; §201(b)] [equivalency]	The upgrade would install advanced waste treatment to implement the mid-Snake River nutrient management plan and TMDL
Eligible Categories [§201(g)(1)] [equivalency]	Conventional wastewater treatment and disposal.
Reclaim, Reuse [Alternative management techniques; e.g., land treatment, small systems, reclamation and reuse of water must be considered] §201(g)(2) [equivalency]	See innovative/alternative technology, below.
Infiltration/Inflow §201(g)(3) [equivalency]	An I&I analysis was completed as part of facility plan development. It concluded that I&I is not a problem in the existing collection system.
Innovative/Alternative Treatment Technology (§201(g)(5) [equivalency])	IDEQ project engineer indicates that project design incorporates features that allow for future water reuse.
Recreation & Open Space [§201(g)(6)] [equivalency]	Potential recreation and open space opportunities are being explored in conjunction with reclamation of the existing lagoons, which will be abandoned.
CSO Funding Limitations [§201(n)(1-2)] [equivalency]	N/A
Capital Financing Plan [§201(o) [equivalency]]	The city has a capital financing plan.
Water Quality Management Plans [§204(a)(1)] [equivalency]	Project engineer for IDEQ indicates project appears to comply with applicable plans.
Operation and Maintenance	O&M plan required by loan terms.

Item Description	What, Where & How Met
[\$204(a)(2)] [equivalency]	
User Charge System [\$204(b)(4)] [equivalency]	IDEQ project engineer indicates that Burley has adopted an appropriate user charge system. (UCS required by loan terms).
Collection Systems [\$211] [equivalency]	N/A
Cost Effectiveness [\$218] [equivalency]	The facilities plan compared capital and operating costs and indicated the rank ordering of the present worth values of lifecycle project costs. There is no indication in the facilities plan that any of the alternatives were subjected to value engineering. The selected alternative appears to be the cost-effective alternative for producing the desired water quality result.
Davis Bacon Act [\$512] [equivalency]	N/A
Environmental Review [\$511(c)(1)] [equivalency]	Environmental Information Document prepared by sponsor's consultants. FNSI issued by IDEQ
Was the appropriate type of environmental review conducted	FNSI, December 30, 2002
If another agency's environmental review was adopted, is the adoption process appropriately documented	N/A
Public Notice	Repeated news paper notices were given during the public review period for the FNSI.
Public Hearing	Public hearings were held as part of regularly scheduled city council meetings during facilities planning and to consider the rate increases that were adopted in anticipation of incurring the debt necessary to finance the construction of the treatment plant.
Was an appropriate range of alternatives evaluated	Several alternative wastewater treatment plant configures were evaluated in the facilities plan.

Item Description	What, Where & How Met
Were other environmental review considerations adequately addressed	Yes. Thorough review of relevant environmental cross-cutters.
Endangered Species Act	Informal consultation with FWS and IDFG. Biological assessment prepared. No adverse impacts anticipated. IDEQ will monitor implementation
National Historic Preservation Act	Consulted with SHPO, SHPO cleared. Also consulted with local tribal governments who "cleared" the project.
Archeological & Historic Preservation Act	See above
Wild & Scenic Rivers Act	None in the study area
Coastal Zone Management Act Compliance	N/A
Coastal Barriers Resource Act	N/A
Farmland Protection Act	N/A
E.O. 11990 Wetlands Protection	Consulted with Corps and FWS. No wetlands affected by the project.
E.O. 11888 Floodplain Management Act	Floodplain issues were evaluated in the facilities planning and EID.
Clean Air Act Compliance	No adverse impacts on air quality identified (brief discussion in facilities plan and EID).
Safe Drinking Water Act	No mention of sole source aquifers in the study area (none designated by the EPA). Project Engineer's checklist indicates that SDWA considerations are addressed in receiving water criteria and the EPA issued NPDES permit.
Civil Rights Act	Pre-award compliance form completed 11 February 2004
E.O. 11246	Explicit term in loan agreement and in bid documents (Project Engineer's checklist)
MBE/WBE	Explicit term in loan agreement. Project Engineer's checklist indicates addressed in bid specifications and bid documents and that quarterly reporting is required.
E.O. 12898 Environmental Justice	General term in loan agreement. Not explicitly addressed in facilities plan. However, the existing and new treatment plants serve and would serve the entire incorporated community. All residential users are charged for the POTW service on the same

Item Description	What, Where & How Met
	basis (nondiscriminatory system).
Small Business & Rural Communities Act	General term in loan agreement
Uniform Relocation Act	No relocation or property acquisition involved.
Debarment & Suspension	General term in loan agreement. Project Engineer's checklist indicates that apparent winning bidder would be checked.

GRANITE REEDER WATER & SEWER DISTRICT POTW FILE REVIEW SUMMARY

Item Description	What, Where & How Met
Project Name	Granite-Reeder Water & Sewer District wastewater collection and treatment system
Project Loan Number	1899-12
Date of Loan	5 January 2004
Project Description	The sewer district is located on the northwest shoreline of lower Priest Lake near Priest Lake, Idaho. The project would build a sewage collection system, centralized treatment facility and land application site for the treated effluent. The land application site is being acquired from the U.S. Forest Service.
Amount of Loan	\$3,135,000
Need for Project	The service area includes both individual homes and recreational facilities that currently use on-site disposal systems for their wastewater. Soil conditions and topography around Priest Lake are such that these on-site systems are probably contributing to elevated bacteria concentrations and eutrophication of Priest Lake.
Loan Terms (rate/amortization period)	The loan sets that interest rate at 3.5% with a 20 year amortization period.
Type of assistance under §603(d)	This is a direct loan (no refinancing is involved).
Financial Capability Assessment/Repayment Source Evaluation	IDEQ does not yet perform financial capability assessments on loan applicants.
Loan Security Provisions	<ul style="list-style-type: none"> • The borrower agreed to repay the loan from LID assessments and to issue an LID bond or bonds to the DEQ in amounts equal to the loan indebtedness plus the required reserve fund. • The borrower is required to establish a reserve fund to secure the payment of loan principal and interest. • If prior to completion of the contract the project is damaged or destroyed the borrower is still responsible for repaying the full amount of money borrowed from the Fund.²

² The District Court for the First Judicial District of the State of Idaho, in a December 20, 2004 order denying a request for a new trial, noted that the LID could not assess property within the LID if the property is not benefiting (receiving services from) the project. Thus, if the project were to be terminated before completion, the LID might not be able to assess property owner's to repay the loan. This decision is under appeal in the Idaho State court system.

Item Description	What, Where & How Met
Facility Plan available/Approved	The Facilities Plan was approved in a letter from the DEQ Project Engineer dated 10 July, 2003.
Plans & Specs Approval	Plans and specifications not yet completed.
Bid Advertisement and Approval	N/A
MBE/WBE Compliance	N/A no contracting for construction yet
Initiation of Operations/Performance Certification [§204(d)(2)] [equivalency]	Under design
BPWTT [Best Practical Wastewater Treatment Technology; §201(b)] [equivalency]	Secondary treatment with land application of effluent.
Eligible Categories [§201(g)(1)] [equivalency]	The facility plan was developed and a preferred alternative was selected with eligibility in mind. For example the "grinder pumps" at each home site would be located in the public right of way and owned and maintained by the sewer district and not the homeowner.
Reclaim, Reuse [Alternative management techniques; e.g., land treatment, small systems, reclamation and reuse of water must be considered] §201(g)(2) [equivalency]	Land application of the treated effluent is the selected alternative.
Infiltration/Inflow §201(g)(3) [equivalency]	N/A (no existing sewer system)
Innovative/Alternative Treatment Technology (§201(g)(5) [equivalency]	Land application of the treated effluent could be considered alternative technology.
Recreation & Open Space [§201(g)(6)] [equivalency]	Most if not all of the homes served, as well as the commercial facilities, are second homes and recreational facilities. In that manner the project directly supports and facilitates recreational uses in the Priest Lake area.
CSO Funding Limitations [§201(n)(1-2)] [equivalency]	N/A

Item Description	What, Where & How Met
Capitol Financing Plan [§201(o) [equivalency]]	N/A
Water Quality Management Plans [§204(a)(1)] [equivalency]	The Priest Lake Management Plan is the relevant plan. It specifically provides for this project.
Operation and Maintenance [§204(a)(2)] [equivalency]	The SD is required to develop an O&M manual by one of the loan conditions.
User Charge System [§204(b)(4)] [equivalency]	The Sewer District formed an LID (local improvement district) under Idaho law to repay the loan that financed the capital cost of this project. The LID assesses each property owner a fee for this capital cost that can be paid over several years with any balance due in full when the property is sold. A user charge system is required by the terms of the loan for O&M costs.
Collection Systems [§211] [equivalency]	N/A
Cost Effectiveness [§218] [equivalency]	N/A (cost under \$10,000,000)
Davis Bacon Act [§512] [equivalency]	N/A (expired)
Environmental Review [§511(c)(1)] [equivalency]	An Environmental Assessment and Biological Assessment under the Endangered Species Act were developed as part of the facilities planning process. The IDEQ issued a Finding of No Significant Impact on 3 October 2003 based on these documents.
Was the appropriate type of environmental review conducted	Yes
If another agency's environmental review was adopted, is the adoption process appropriately documented	N/A
Public Notice	A public notice was issued for the FNSI.
Public Hearing	Public meetings including open meetings of the Sewer District board were held during the facilities planning process. The public was provided opportunities to comment during these meetings and records were maintained of these comments.

Item Description	What, Where & How Met
Was an appropriate range of alternatives evaluated	Three local alternatives as well as a regional alternative were considered during the facilities planning process. The regionalized alternative (connecting to a distant existing POTW), was ruled out as being prohibitively expensive.
Were other environmental review considerations adequately addressed	The facilities plan and environmental assessment document an adequate environmental review. The study area seems to be appropriately defined and population estimates are based on the number of potential "equivalent residential units" that could be connected to the new collection system.
Endangered Species Act	The IDEQ was designated as the EPA's non-federal representative for the ESA informal consultation process. Informal consultation occurred based on a Biological Assessment prepared as part of the facility planning and environmental review process.
National Historic Preservation Act	A Heritage Resources Assessment was completed for the project. It was accepted by the SHPO in a letter dated 10 May 2002.
Archeological & Historic Preservation Act	See above.
Wild & Scenic Rivers Act	No wild and scenic rivers in the project area.
Coastal Zone Management Act Compliance	N/A
Coastal Barriers Resource Act	N/A
Farmland Protection Act	No farmland in the project area.
E.O. 11990 Wetlands Protection	No wetlands in the project area.
E.O. 11888 Floodplain Management Act	No mapped floodplains in the project area.
Clean Air Act Compliance	No regulated stationary sources. EA indicates appropriate mitigation measures during construction. NO explicit mention of SIP requirements, if any, that might apply to the project.
Safe Drinking Water Act	N/A
Civil Rights Act	Explicit term in loan agreement.
E.O. 11246	Explicit term in loan agreement
MBE/WBE	Explicit term in loan agreement
E.O. 12898 Environmental Justice	General term in loan agreement

Item Description	What, Where & How Met
Small Business & Rural Communities Act	General term in loan agreement
Uniform Relocation Act	General term in loan agreement
Debarment & Suspension	General term in loan agreement

SRF Annual Review Information Sheet

State Under Review: IDAHO
DW or CW Program? -Clean Water

For SRF Fiscal Year Beginning: 07/01/2003 Ending: 06/30/2004

Annual / Biennial Report Received: 5/10/2005

State Contact: Bill Jerrel _____

Annual Audit Received: ____/5/5/2005 Audited: 2004

Core Review Team:

Role	Name
Team Leader	Dan Steinborn
CWSRF Project Officer	Dan Steinborn
CWSRF Financial Analyst	Chris Castner
_____	_____
_____	_____
_____	_____
_____	_____

State Staff Interviewed
Bill Jerrel
Bill Hart

Project Files Reviewed: _____

	First Team Meeting	Second Team Meeting	On-Site Visit	Draft PER	Final PER
Estimated Date:	____/____/____	____/____/____	____/____/____	____/____/____	____/____/____
Actual Date:	____/____/____	____/____/____	8/10/2005	____/____/____	____/____/____9/30/2005_

Worksheet 1

Required Program Elements

Review Item and Questions to Answer reference to guidance manual		Yes	No	N/A	Comments	Data Sources (check all that apply)
1.1 Annual / Biennial Report						
1	Does the State's Annual / Biennial Report meet all requirements?				The report was very late. This delayed the EPA's annual performance review significantly.	Report Date _05/06/2005_____
	a. Reports on progress towards goals and objectives	X				
	b. Reports on use of funds and binding commitments	X				
	c. Reports on the timely and expeditious use of funds	X				
	d. Identifies projects and types of assistance provided.	X				
	e. Includes financial statements and cross-references independent audit report	X			Independent audit completed by the legislative services office.	
	f. Provides overall assessment of the SRF's financial position and long-term financial health		X		The audit demonstrates the short-term financial health of the Fund. Neither it nor the annual report assesses the Fund's long-term ability to address the state's high priority water infrastructure financing needs.	
	g. Demonstrates compliance with all SRF assurances	X			The report discusses the Fund's compliance with some of the required assurances. Others are addressed in project management and, therefore, are "verified" as part of the Region's file review work.	
	h. Demonstrates compliance with SRF program grant conditions	X			Programmatic grant conditions are addressed in the Annual Report. Administrative grant conditions such as the use of recycled paper and the prohibition on lobbying are not typically addressed in a state annual report.	
	i. Demonstrates that the highest priority projects listed in the IUP were funded (DW only)			X		
	j. Documents why priority projects were bypassed in accordance with state bypass procedures and whether state complied with bypass procedures.	X			In identifying fundable projects on its Intended Use Plan, Idaho selects the highest ranked projects that are ready to proceed. In SFY 2004, with one exception, all of the projects funded were on the fundable list. The once exception was another high ranking project on the overall project priority list.	
	k. Documents use of set-aside funds (see set-aside sheet for details)			X		
2	Was the Annual / Biennial Report submitted on time?		X		It was very late due to the late delivery of the independent audit by the Legislative Services Office. We are encouraging IDEQ to deliver its annual report for SFY 2005 without waiting for the LSO audit to be completed.	
3	If the State assesses the environmental and public health benefits of projects, are the benefits discussed in the Annual/Biennial Report? If the answer is yes, the comment section should contain an explanation.			X		

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>		Yes	No	N/A	Comments	Data Sources (check all that apply)
1.2 Funding Eligibility						
1	Are projects receiving assistance eligible for funding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All of the projects receiving funding were on the state's project priority list and were publicly owned treatment works projects.	<input checked="" type="checkbox"/> Project Files <input checked="" type="checkbox"/> Priority List <input checked="" type="checkbox"/> Project ranking and selection process
2	Is documentation being received from assistance recipients to support the amount and eligibility of disbursement requests?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	During review of project disbursement requests, invoices for project costs were noted. A sample of these invoices was reviewed for eligibility of costs determination and to verify that amounts matched up with the disbursement request.	<input checked="" type="checkbox"/> Project Files - Pay Request Documentation <input checked="" type="checkbox"/> Approval documentation <input type="checkbox"/> Inspection reports
3	Does the State have controls over SRF disbursements to ensure that funds are used for eligible purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The disbursements requests in file projects reviewed had consistent forms of eligibility verification including contractor's certification, and engineer's and/ or consultants' certification. The Idaho DEQ Project Engineer reviews invoices submitted and approves eligible costs by signing off the IDEQ form that constitutes the internal documentation for the disbursement request.	
4	Is the state meeting the 15% small system requirement? (DW only)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
5	Does the State have procedures to ensure that systems in significant noncompliance with any NPDWR are not receiving assistance, except to achieve compliance? (DW only)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
1.3 Compliance with DBE Requirements						
1	Is the State complying with all DBE requirements (setting goals, six affirmative steps and reporting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The state is requiring assistance recipients to implement the six affirmative steps. Actual success at awarding contracts to DBE firms has been very limited in recent years.	<input checked="" type="checkbox"/> Grant / Operating Agreement <input type="checkbox"/> Annual / Biennial Report <input checked="" type="checkbox"/> Project Files <input checked="" type="checkbox"/> DBE Reporting Forms
2	Are assistance recipients complying with all DBE requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>		Yes	No	N/A	Comments	Data Sources (check all that apply)
1.4 Compliance with Federal Cross-Cutting Authorities (Cross-Cutters)						
1	Is the State complying with applicable federal cross-cutting authorities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> Project Files <input type="checkbox"/> Grant / Operating Agreement <input type="checkbox"/> Annual / Biennial Report <input type="checkbox"/>
2	Is the State ensuring that assistance recipients are complying with all applicable federal cross-cutting authorities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The SERP was updated in SFY 2004 and explicitly addresses the federal cross-cutting authorities. Part of the state project engineer's standard protocol is to verify compliance with a checklist in the project file.	
3	Were there any issues which required consultation with other State or Federal agencies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Informal consultation under the Endangered Species Act was required for some projects during the year. Before the update of the Operating Agreement, EPA designated the State as its non-federal representative for each affected project. After the Operating Agreement was signed, EPA informed the FWS that DEQ is its non-federal representative for all CWSRF financed projects.	
	a. What did the consultation conclude with regard to compliance with the cross-cutter?				The environmental information documents reviewed indicated that in each case adverse impacts to threaten and endangered species will be avoided by the projects.	
1.5 Compliance with Environmental Review Requirements						
1	Are environmental reviews being conducted in accordance with the State's approved environmental review procedures (SERP)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Our project file reviews included review of facility plans and Environmental Information Documents. These documents demonstrated compliance with the provisions of the SERP.	<input checked="" type="checkbox"/> Project Files <input checked="" type="checkbox"/> State Environmental Review Procedures <input type="checkbox"/> Annual / Biennial Report <input type="checkbox"/>
2	Does the State document the information, processes, and premises leading to decisions during the environmental review process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The facilities plan, EID and associated documents in the project file document how the project owner arrived at project decisions.	<input checked="" type="checkbox"/> Project Files <input type="checkbox"/> Staff interviews <input type="checkbox"/>
	a. Decisions that projects meet requirements for a categorical exclusion (CE) or the State equivalent?			<input checked="" type="checkbox"/>	No projects were reviewed for which Categorical Exclusions were "issued."	

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>	Yes	No	N/A	Comments	Data Sources (check all that apply)
b. Environmental Assessment (EA)/Findings of No Significant Impacts (FONSI) or the state equivalent.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
c. Decisions to reaffirm or modify previous SERP decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
d. Environmental Impact Statement (EIS)/Records of Decisions (RODS) or the State equivalent.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>	Yes	No	N/A	Comments	Data Sources (check all that apply)
3 Are public notices and meetings, as required by the SERP, provided during the environmental review process?	X			For each project reviewed, public notices and public meetings were held as provided for in the SERP.	
4 Are documented public concerns being addressed/resolved by the State in the environmental review process?	X			In each case, our review did not identify any concerns raised during the public review that were not addressed in the facility planning process. We would note that the Granite-Reeder project is currently held up in litigation over an issue not raised during the public review of the facility planning and environmental evaluation process for the project.	
5 Do environmental reviews document the anticipated environmental and public health benefits of the project?		X		Unfortunately, most environmental information documents we have seen on POTW projects including those examined for this program evaluation do not clearly quantify the water quality and public health benefits of the project. The project justification explains the water quality or public health threat being addressed as well as the permit terms that must be met.	
1.6 Operating Agreement					
1 Is the State's Operating Agreement up to date reflecting current operating practices?	X			The EPA and the IDEQ entered into a new Operating Agreement effective March 1, 2004.	Last update date 03/01/2004_____
a. Program administration	X				
b. MOUs	X				
c. Description of responsible parties	X				
d. Standard operating procedures	X				

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>	Yes	No	N/A	Comments	Data Sources (check all that apply)
1.7 Staff Capacity					
1 Does the State have staff, in terms of numbers and capability, to effectively operate the SRF?		X			<input type="checkbox"/> Program Budget <input type="checkbox"/> Organization Chart <input type="checkbox"/> Staff interviews <input checked="" type="checkbox"/> Independent audit and EPA review
a. Accounting & Finance		X		IDEQ has only one person to do all of the financial record keeping and analysis. The audit identified this as a problem and the EPA concurs with the audit finding.	
b. Engineering and field inspection	X				
c. Environmental review / planning	X			The IDEQ has a skilled senior environmental planner who is retiring in SFY 2006. IDEQ is working on recruiting a successor.	
d. Management		X		The CWSRF and DWSRF share a program manager. Neither bank has a loan officer. The CWSRF has grown in both complexity and size as it has matured. This complexity and size merit separating out the duties of a loan officer in a position that is distinct from the Program Manager's assignment.	
e. Management of set-asides (DW only)			X		
2 Does the program have an organizational structure to effectively operate the SRF?	X				
1.8 DWSRF Withholding Determinations					
1 Did the State document ongoing implementation of its program for ensuring demonstration of new system capacity?					
2 Did the State document ongoing implementation of its capacity development strategy?					
3 Did the State document ongoing implementation of its operator certification program?					

Required Financial Elements

Review Item and Questions to Answer		Yes	No	N/A	Comments	Data Sources (check all that apply)
2.1 State Match						
1	Has the State provided match equal to 20 percent of the grant amount?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> Audited Financial Statements <input checked="" type="checkbox"/> CWNIMS <input type="checkbox"/> State Accounting Records Review
2	Was each match amount deposited at or before the federal cash draw?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	OK - Checked dates of state match deposit as part of cash draw / disbursement transaction testing when onsite.	<input type="checkbox"/> Audited Financial Statements <input checked="" type="checkbox"/> Annual / Biennial Report <input type="checkbox"/> State Accounting Records Review
3	What is the source of the match (e.g., appropriation, State GO bonding, revenue bonds, etc.)?				Under Idaho Code, the state match is perpetually appropriated from the Water Pollution Control Account	<input type="checkbox"/> Grant Application <input checked="" type="checkbox"/> Audited Financial Statements <input checked="" type="checkbox"/> Annual / Biennial Report
4	Are match funds held outside the SRF until the time of cash draws?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	OK - Checked dates of state match deposit as part of cash draw / disbursement transaction testing when onsite.	
5	If bonds are issued for state match, and the SRF is used to retire these bonds, do the bond documents clearly state what funds are being used for debt service and security?			<input checked="" type="checkbox"/>		
	a. Has the state match structure been approved by Headquarters?			<input checked="" type="checkbox"/>		
6	Is the state match bond activity consistent with the approved state match structure?			<input checked="" type="checkbox"/>		

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2.2 Binding Commitment Requirements					
1 Are binding commitment requirements being met?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	For SFY2004, ID made \$46,392, 377 in binding commitments. This amount is 618% of the sum of the grant and state match from the previous year (SFY2003 grant).	<input checked="" type="checkbox"/> Binding commitment worksheet <input checked="" type="checkbox"/> Annual / Biennial Report <input type="checkbox"/> Project files
a. Are cumulative binding commitments greater than or equal to cumulative grant payments and accompanying State match within one year of receipt of payment?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Idaho's cumulative binding commitments thru SFY04 = \$217,948,969 per CWNIMS. That amount is 213% of the cumulative capitalization grants awarded.	Binding commitment worksheet
2 Are binding commitments documented in the project files?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The loan agreement is the binding commitment and is in the file in each case.	Granite-Reeder Loan # 1899-12- OK; City of Burley loan # 1899-08 -OK
a. Do the commitment dates match reported commitments in the Annual/Biennial report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Granite-Reeder Loan # 1899-12- OK; City of Burley loan # 1899-08 -OK
3 Is there a significant lag between binding commitments, loan execution, or the actual start of the projects?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In Idaho the loan agreement is the binding commitment. Idaho municipalities typically have already obtained voter approval or court approval to incur the debt and raise utility rates to pay off the debt. Therefore, with rare exceptions, project engineering (design) and construction start shortly after loan execution.	<input checked="" type="checkbox"/> Project Files <input type="checkbox"/> Record of binding commitment dates <input type="checkbox"/> Loan documents
a. What is the typical and longest lag from binding commitment to project start?				In Idaho the loan agreement is the binding commitment. In most cases project engineering (design) and construction start shortly after loan execution.	
b. How many projects have never started?				none known	
c. How many projects have been replaced because they never started?				none known	
d. If this problem exists, is it recurring? If so, what steps are the State taking to correct the situation?			<input checked="" type="checkbox"/>		

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2.3 Cash Draws					
1 Has the State correctly adhered to the "Rules of Cash Draw" ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> Project disbursement requests <input checked="" type="checkbox"/> Accounting transactions <input type="checkbox"/> Approved leveraging structure <input checked="" type="checkbox"/> Federal draw records (IFMS) <input type="checkbox"/> Audits <input type="checkbox"/>
2 Does a review of specific cash draw transactions confirm use of correct proportionality percentages?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Idaho draws at an 83/ 17 proportionality for transactions involving federal CWSRF grant fund draws.	
3 For leveraged states, what proportionality ratio is the state using to draw federal funds?			<input checked="" type="checkbox"/>		
4 Have any erroneous payments/cash draws/disbursements been discovered and, if so , what corrective steps are being taken?		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
5 Does a review of specific Project cash draw transactions confirm the use of federal funds for eligible purposes?				While on-site, examined 5 loan cash draw transactions / loan disbursements for total of \$3.4 million and one admin draw for \$4,131. Also examined disbursement requests in City of Burley project file and noted consistent documentation - invoice copies, contractor's certification, and engineer's and/ or consultants' certification.	
6 Does a review of specific Administrative cash draw transactions confirm the use of federal funds for eligible purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Admin draw was checked for \$4,131. Draw from federal grant (ACH) and credit to the SRF admin account confirmed.	
2.4 Timely and Expeditious Use of Funds					
1 Is the State using SRF funds in a timely and expeditious manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Funds available for loans in SFY04 IUP = \$38,887,745. Binding Commitments made during SFY04 = \$46,340,000.*	<input type="checkbox"/> IUP <input checked="" type="checkbox"/> Binding commitments <input type="checkbox"/> Annual / Biennial Report <input checked="" type="checkbox"/> * Total Binding Commitments SFY04 from CWNIMS
a. Does the fund have large uncommitted balances?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	Idaho manages its binding commitments such that all available funds are used up. Anticipated loan repayments and interest earnings are also used to make commitments	
b. Does the fund have large balances of undrawn federal and state funds?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	Idaho has drawn down approx 94% of its total grants and state matching funds through June 30, 2004	
c. Are the uncommitted balances growing at a faster annual percentage rate than the growth of the total assets of the SRF?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	Total assets grew 16% from SFY03 to SFY04; uncommitted balances declined from 11% in SFY03 to negative 5.5% in SFY04	
2 Does the State need to improve its use of funds to ensure timely and expeditious use? Has the state developed a plan to address the issue?		<input checked="" type="checkbox"/>	<input type="checkbox"/>		
3 If the state was required to develop a plan demonstrating timely and expeditious use of funds, is progress being made on meeting this plan?			<input checked="" type="checkbox"/>		

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2.5 Compliance with Audit Requirements					
1 Are annual audits being conducted by an independent auditor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Idaho State Legislative Services Office conducts audits of the ID DEQ CWSRF program yearly.	
a. Who conducted the most recent audit?				The Idaho State Legislative Services Office	
b. Did the program receive an unqualified opinion?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
c. Were there any significant findings? (Briefly discuss the findings.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Findings: Cash Investments could perform better if deposited into longer term investments; accounting system is cumbersome; and loan decision / transaction documentation is not always sufficient.	
d. Is the program in compliance with GAAP?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
2 Does the annual audit confirm compliance with State laws and procedures?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
a. Did the audit include any negative comments on the state's internal control structure?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The audit cites insufficient documentation of some loan decisions and transactions.	Audit report for SFY2004
b. Did the audit identify any erroneous payments/cash draws/disbursements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
c. Has the State taken action to recover the improperly paid funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
3 Has the program implemented prior audit recommendations and/or recommendations in the "management" letter?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Audits in prior year, SFY03, did not have any findings. No recommendations were made in the management letters accompanying the 2003 audit reports.	
4 Are the states cash management and investment practices consistent with State law, policies, and any applicable bond requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The program manages its cash and investments in accordance with state law and policy. Audit finding does however recommends that the SRF seek ways to realize a higher rate of investment returns	<input checked="" type="checkbox"/> Audit
a. Is the SRF earning a reasonable rate of return on invested funds?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The program earned 2.07% rate of return on investments for SFY04. This interest rate was low, but consistent with, in fact better than, the rate of return that other Region 10 states were earning for SFY04. The audit finding does however "recommend" that the SRF seek ways to realize a higher rate of investment returns.	
5 Are State accounting procedures adequate for managing the SRF?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Accounting systems for loan tracking do not allow for electronic interface with state accounting system. Accounting procedures and internal control policies are not documented.	Accounting procedures manual

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
					<input type="checkbox"/> Internal controls documentation
a. Do the State's accounting procedures include internal control procedures for state-purchased equipment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no state -purchased equipment purchased with CWSRF funds.	<input type="checkbox"/>

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
6 Are loan recipients providing single audits?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loan recipients agree to maintain projects in accordance with GASB as standard part of loan agreements. Telephone call to Idaho LSO confirms that recipients subject to single audit are providing them.	<input type="checkbox"/> Project files
a. Is the State reviewing the loan recipient audits and resolving issues?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Telephone call to Idaho LSO confirms that loan recipients are providing audits and the state auditor's office reviews, then alerts the ID DEQ SRF if there are any findings.	
b. Does the State ensure that assistance recipients are adhering to GAAP accounting requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loan recipients agree to maintain projects in accordance with GASB as standard part of loan agreements. Telephone call to Idaho LSO confirms that audits are reviewed and ID DEQ is alerted to any findings or problems discovered.	
2.6 Assistance Terms					
1 Are the terms of assistance consistent with program requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loan terms 20 yrs ; dedicated source of revenue, MBE/ WBE, etc; all parts of the loan agreement terms and standard conditions appear to be consistent with SRF program requirements.	<input type="checkbox"/> IUP <input checked="" type="checkbox"/> Loan Agreements <input type="checkbox"/> Repayment transactions
a. Are interest rates charged between 0% and market rates? (except as allowed for principal forgiveness)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
b. Do principal repayments start within one year of project completion and end within 20 years, for all non-extended term projects with non-extended loan repayment terms?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
c. Does the program use extended terms or principal forgiveness to the extent it is allowable? (If so report the percentage of project funding in these categories.)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
2 Does the State periodically evaluate the terms of assistance offered relative to the supply and demand for funds and the long-term financial health of the fund?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loan rates are adjusted on an annual basis and established by policy signed by the Director of the Idaho SRF. This practice of annual loan rate adjustment assumes evaluation of supply, demand , and the fund's financial health. Verified this during on -site visit.	Annual Report, Narrative on page 5; "Goal 3 - Progress"
2.7 Use of Fees					
1 Does the program assess fees on their borrowers?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Idaho is considering fees and is working to get legal authority to do so via State Legislature. It's current legal authority is inconsistent with provisions of the Clean Water Act.	<input checked="" type="checkbox"/> IUP <input type="checkbox"/> Loan Agreements <input type="checkbox"/> Repayment transactions
a. What is the fee rate charged and on what basis (e.g., percentage of closing amount, principal outstanding, principal repaid, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable at this time - no fees are charged.	

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
b. Are fees being used in accordance with program requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not applicable at this time - no fees are charged.	
2 Does the State periodically evaluate the use of fees relative to loan terms to set appropriate total charges to borrowers and assess long-term funding needs to operate the program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Idaho obtained legal authority for loan fees during the 2004 legislative session. However, EPA's review of the actual legislative language indicated that it is not consistent with the requirements of the Clean Water Act regarding the disposition of loan interest earnings. IDEQ is reviewing this with its Assistant Attorney General. IDEQ is also exploring the idea of using funds that would not be needed for the state's matching capital contribution to pay for future administrative costs.	

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
3 Does the State have procedures for accounting and reporting on its use of fees?			X	Not applicable at this time - no fees are charged.	
2.8 Assessment of Financial Capability and Loan Security					
1 Does the State have procedures for assessing the financial capability of assistance recipients? (CW only)		X		The state does not yet do a financial capability review. The standard loan does contain security provisions. This was an issue in EPA's last Program Evaluation Report for the Fund. The state has now started doing financial capability reviews that with a couple of improvements would satisfy the program requirement.	<input type="checkbox"/> Financial Capability Review Procedures <input type="checkbox"/> Loan applications <input checked="" type="checkbox"/> Project Files
2 Are the financial capability policies and procedures being followed? (CW only)			X	No formal procedures are in place yet.	<input type="checkbox"/> Financial Capability Review Procedures <input type="checkbox"/> Loan approval documentation <input type="checkbox"/> Project Files
3 Does the state have procedures for assessing the technical, financial, and managerial capability of assistance recipients? (DW only)			X		<input type="checkbox"/> Capability Review Procedures <input type="checkbox"/> Loan applications <input type="checkbox"/> Project Files
4 Are the technical, financial, and managerial review procedures being followed? (DW only)			X		<input type="checkbox"/> Capability Review Procedures <input type="checkbox"/> Loan approval documentation <input type="checkbox"/> Project Files
5 Do assistance recipients have a dedicated source of revenue for repayment or, for privately-owned systems, adequate security to assure repayment?	X			Loan agreements specify that the loan will be secured by either a revenue bond or a promissory note. Although the current model loan agreement contains a "debt service reserve" clause, the two loans reviewed this year do not include that provision. The revenue bond should specify the revenue stream that is dedicated to its amortization and typically includes security provisions such as a requirement for a debt service reserve. A promissory note may contain similar provisions. (We have reviewed some bonding documents but no promissory notes to date). The loan agreement does not identify the revenue stream that would be dedicated to repaying the loan.	<input type="checkbox"/> Financial Capability Review Procedures <input checked="" type="checkbox"/> Loan approval documentation <input checked="" type="checkbox"/> Project Files

Required Financial Elements

Review Item and Questions to Answer		Yes	No	N/A	Comments	Data Sources (check all that apply)
6	Do assistance recipients have access to additional funding sources, if necessary, to ensure project completion?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No reference to or documentation in project files indicated additional uncommitted revenue sources being available, if necessary.	<input checked="" type="checkbox"/> Project Files

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2.9 Financial Management					
1 Is the SRF program's financial management designed to achieve both short- and long -term financial goals?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The state addresses both long term and short term goals in its annual report. The financial goals are focused on maintaining the funds viability and maintaining the revolving nature into perpetuity.	<input checked="" type="checkbox"/> Annual / Biennial Report <input type="checkbox"/> Staff interviews
a. Do the Financial Indicators show progress in the program in funding the maximum amount of assistance to achieve environmental and public health objectives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Idaho's financial indicators show an improving trend in loans made as a percent of funds available. This improvement is having a positive effect on Idaho's indicator for Return on Federal Investment which has been on an improving trend for a number of years as well. Idaho's interest subsidy is the only indicator where Idaho is consistently showing lower than average results; this because Idaho's loan rates are closer to market rates than other Region 10 states.	
2 Does the State have a long-term financial plan to direct the program?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The states financial goals as expressed in its annual report are focused on maintaining the funds viability and maintaining the revolving nature into perpetuity, however these goals do not constitute a long-term financial plan with directions for program implementation.	
a. Was financial modeling used to develop the plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
b. Is the plan periodically reviewed and updated?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
c. Does planning address types of assistance and terms, use of leveraging, and transfers or cross-collateralization between programs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
3 Are funds disbursed to assistance recipients in a timely manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Typical disbursement turnaround was 2 days from the time of disbursement eligibility verification to date of warrant issuance.	
4 Has the State resolved any issues related to loan restructuring, the potential for defaults, and the timeliness of loan repayments?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
5 Are net bond proceeds, interest earnings, and repayments being deposited into the fund?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
6 If the State leverages, is its leveraging activity consistent with the accepted leveraging structure?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
7 Are leverage and state match bond documents consistent with SRF regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		